



DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

Notice of Issuance of Final Determination Concerning

Certain Score®7t Tablets

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: Notice of final determination.

SUMMARY: This document provides notice that U.S. Customs and Border Protection (CBP) has issued a final determination concerning the country of origin of certain SCORE®7T tablets. Based upon the facts presented, CBP has concluded that the country of origin of the SCORE®7T tablets in question is Taiwan for purposes of U.S. Government procurement.

DATES: The final determination was issued on September 1, 2022. A copy of the final determination is attached. Any party-at-interest, as defined in 19 CFR 177.22(d), may seek judicial review of this final determination no later than [insert 30 days from date of publication in the **Federal Register**].

FOR FURTHER INFORMATION CONTACT: Alben Peters, Valuation and Special Programs Branch, Regulations and Rulings, Office of Trade, at (202) 325-0321.

SUPPLEMENTARY INFORMATION: Notice is hereby given that on September 1, 2022, U.S. Customs and Border Protection (CBP) issued a final determination concerning the country of origin of certain SCORE®7T tablets for purposes of Title III of the Trade Agreements Act of 1979. This final determination, HQ H325833, was issued at the request of Advanced Technologies Group, LLC (ATG), under procedures set forth at 19 CFR part 177, subpart B, which implements Title III of the Trade Agreements Act of 1979, as amended (19 U.S.C. 2511–18). In the final determination, CBP has concluded that, based upon the facts presented, the country of origin of the tablets is Taiwan for purposes of U.S. Government procurement.

Section 177.29, CBP Regulations (19 CFR 177.29), provides that a notice of final determination shall be published in the **Federal Register** within 60 days of the date the final determination is issued. Section 177.30, CBP Regulations (19 CFR 177.30), provides that any party-at-interest, as defined in 19 CFR 177.22(d), may seek judicial review of a final determination within 30 days of publication of such determination in the **Federal Register**.

Dated: September 1, 2022.

Alice A. Kipel,
Executive Director,
Regulations and Rulings,
Office of Trade.

HQ H325833

September 1, 2022

OT:RR:CTF:VS H325833 AP

CATEGORY: Origin

Charles Weiss, Partner
Bryan Cave Leighton Paisner LLP
One Metropolitan Square
211 North Broadway Suite 3600
St. Louis, MO 63102-2750

RE: U.S. Government Procurement; Title III, Trade Agreements Act of 1979 (19 U.S.C. 2511); Subpart B, Part 177, CBP Regulations; Country of Origin of SCORE®7T tablets

Dear Mr. Weiss:

This is in response to your June 17, 2022 request, on behalf of Advanced Technologies Group, LLC (“ATG”), for a final determination¹ concerning the country of origin of SCORE®7T tablets used in U.S. correctional institutions. This request is being sought because ATG wants to confirm eligibility of the merchandise for U.S. Government procurement purposes pursuant to Title III of the Trade Agreements Act of 1979 (“TAA”), as amended (19 U.S.C. 2511 *et seq.*), and subpart B of part 177, U.S. Customs and Border Protection (“CBP”) Regulations (19 CFR 177.21, *et seq.*). ATG is a party-at-interest within the meaning of 19 CFR 177.22(d)(1) and 177.23(a), and is therefore entitled to request this final determination. On August 24, 2022, we held a meeting with you and your client representatives.

FACTS:

The SCORE®7T tablet at issue is a custom-designed tablet assembled in China and shipped to the United States. The chipset powering the tablet is manufactured in Taiwan and represents approximately 60 percent of the cost of the tablet’s hardware. The circuit and component layout for the motherboard is also made in Taiwan. The tablet uses a system on a chip (“SOC”) design. The SOC is an integrated circuit that includes the central processing unit, memory, input/output logic, secondary storage, graphics processing unit, radio frequency signal processing functions, and communication controller on a single microchip. You explain that the chipset does all computing on the tablet. The hardware tablet is assembled in China. The assembly process involves combining the components manufactured in Taiwan with a screen to make the finished tablet. You describe the assembly operations in China as “simple and repetitive” and requiring “little worker skill.” Upon importation into the United States, the tablet does not have the manufacturer’s generic Android firmware or other firmware installed.

ATG designs, develops, writes, and installs the tablet’s operating system (“OS”), known as SCORE® firmware, in the United States at “a substantial effort and cost to ATG.” ATG’s

¹ ATG previously submitted a request for an advisory ruling dated March 7, 2022. Under the facts presented in the advisory ruling request, the imported tablets arrived with installed manufacturer’s generic Android firmware, which ATG states is no longer the case. On April 20, 2022, we issued advisory ruling HQ H324386 concluding that the removal of the installed manufacturer’s firmware from the imported functioning tablet and the installation of the U.S.-designed and developed firmware did not constitute a substantial transformation. The merchandise was a functioning tablet upon importation and remained a functioning tablet, just with limited and specialized functions.

firmware is an ATG proprietary custom-built version of the Android system, which “reflects over 20,000 hours of software development by ATG personnel.” ATG uses Google-provided (not manufacturer’s) Android OS as a starting point to design and develop its own firmware. ATG’s firmware contains security protections that control the tablet’s functionality, communication capabilities, applications allowed to be installed or run, and enforces rules that users in correctional institutions must follow. ATG removes all Android functions, features, and drivers that are not needed at correctional institutions and reprograms the remaining Android functions and applications to impose new security rules and adds new security features.

Once ATG’s firmware is installed, the tablet cannot run regular Android applications. The firmware transforms the tablet into a highly secure tablet specifically designed to meet Federal Bureau of Prisons security requirements. When the tablet connects to ATG’s SCORE® servers automatically update the firmware to the most current version. The firmware only allows ATG-signed applications to run. You state that only select ATG personnel can modify or remove ATG’s firmware.

ISSUE:

What is the country of origin of the subject tablet for purposes of U.S. Government procurement?

LAW AND ANALYSIS:

CBP issues country of origin advisory rulings and final determinations as to whether an article is or would be a product of a designated country or instrumentality for the purposes of granting waivers of certain “Buy American” restrictions in U.S. law or practice for products offered for sale to the U.S. Government, pursuant to subpart B of part 177, 19 CFR 177.21-177.31, which implements Title III of the TAA, as amended (19 U.S.C. 2511-2518).

CBP’s authority to issue advisory rulings and final determinations is set forth in 19 U.S.C. 2515(b)(1), which states:

For the purposes of this subchapter, the Secretary of the Treasury shall provide for the prompt issuance of advisory rulings and final determinations on whether, under section 2518(4)(B) of this title, an article is or would be a product of a foreign country or instrumentality designated pursuant to section 2511(b) of this title.

The rule of origin set forth under 19 U.S.C. 2518(4)(B) states:

An article is a product of a country or instrumentality only if (i) it is wholly the growth, product, or manufacture of that country or instrumentality, or (ii) in the case of an article which consists in whole or in part of materials from another country or instrumentality, it has been substantially transformed into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was so transformed.

In rendering advisory rulings and final determinations for purposes of U.S. Government procurement, CBP applies the provisions of subpart B of part 177 consistent with the Federal Procurement Regulation (“FAR”). *See* 19 CFR 177.21. In this regard, CBP recognizes that the FAR restricts the U.S. Government’s purchase of products to U.S.-made or designated country end products for acquisitions subject to the TAA. *See* 48 CFR 25.403(c)(1).

The FAR, 48 CFR 25.003, defines “U.S.-made end product” as:

... an article that is mined, produced, or manufactured in the United States or that is substantially transformed in the United States into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed.

Section 25.003 defines “designated country end product” as:

a WTO GPA [World Trade Organization Government Procurement Agreement] country end product, an FTA [Free Trade Agreement] country end product, a least developed country end product, or a Caribbean Basin country end product.

Section 25.003 defines “WTO GPA country end product” as an article that:

- (1) Is wholly the growth, product, or manufacture of a WTO GPA country; or
- (2) In the case of an article that consists in whole or in part of materials from another country, has been substantially transformed in a WTO GPA country into a new and different article of commerce with a name, character, or use distinct from that of the article or articles from which it was transformed. The term refers to a product offered for purchase under a supply contract, but for purposes of calculating the value of the end product includes services (except transportation services) incidental to the article, provided that the value of those incidental services does not exceed that of the article itself.

Taiwan is a WTO GPA country. China is not.

ATG asserts that the subject tablet is substantially transformed in the United States because its firmware is entirely developed, written and installed in the United States, and without ATG’s firmware the tablet is non-functional. ATG maintains that the use of the SCORE®7T tablet “is solely dictated by the firmware and it otherwise has no use.”

The issue of substantial transformation is a “mixed question of technology and customs law, mostly the latter.” *Texas Instruments, Inc. v. United States*, 681 F.2d 778, 783 (CCPA 1982). The substantial transformation test is whether an article emerges from a process with a new name, character, or use, different from that possessed by the article prior to processing. *See Texas Instruments*, 681 F.2d at 778. CBP considers the totality of the circumstances and makes substantial transformation determinations on a case-by-case basis. The country of origin of the item’s components, the extent of the processing that occurs within a country, and whether such processing renders a product with a new name, character, or use are primary considerations. *See Headquarters Ruling Letter (“HQ”) H311606*, dated June 16, 2021. No one factor is determinative.

A new and different article of commerce is an article that has undergone a change in commercial designation or identity, fundamental character, or commercial use. A determinative issue is the extent of the operations performed and whether the materials lose their identity and become an integral part of the new article. *See Nat’l Hand Tool Corp. v. United States*, 16 CIT 308 (1992), *aff’d*, 989 F.2d 1201 (Fed. Cir. 1993). “For courts to find a change in character, there often needs to be a substantial alteration in the characteristics of the article or components.” *Energizer Battery, Inc. v. United States*, 190 F. Supp. 3d 1308, 1318 (Ct. Int’l Trade 2016) (citations omitted). Courts have looked to “the essence” of the completed article “to determine

whether it has undergone a change in character as a result of post-importation processing.” *Id.* (citing *Uniroyal, Inc. v. United States*, 542 F. Supp. 1026 (Ct. Int’l Trade 1982), *aff’d*, 702 F.2d 1022 (Fed. Cir. 1983)). In *Uniroyal*, 542 F. Supp. at 1030, the U.S. Court of International Trade (“CIT”) held that “it would be misleading to allow the public to believe that a shoe is made in the United States when the entire upper – which is the very essence of the completed shoe -- is made in Indonesia and the only step in the manufacturing process performed in the United States is the attachment of an outsole.”

In *Data General Corp. v. United States*, 4 CIT 182 (1982), the programming in the United States of a read-only memory chip (“PROM”) fabricated in a foreign country for use in a computer circuit board assembly substantially transformed the PROM into a U.S. article. After the programming, the PROM was exported for incorporation into a finished circuit board that was then imported into the United States. The programming bestowed upon each circuit its electronic function. The court concluded that the programming altered the character of the PROM and that altering the non-functioning circuitry comprising the PROM through technological expertise in order to produce a functioning read only memory device, possessing a desired distinctive circuit pattern, was no less a “substantial transformation” than the manual interconnection of transistors, resistors and diodes upon a circuit board creating a similar pattern. The programming established the “essence” of the PROM, its pattern of interconnections, or stored memory.

CBP has issued a number of rulings and final determinations regarding the origin of tablets and smartphones. In HQ H322417, dated Feb. 23, 2022, CBP concluded that a smartwatch originated from Taiwan for purposes of Section 301 trade remedies because Taiwan was the country where the two printed circuit board assemblies (“PCBAs”), which were the “essence” of the smartwatch, were manufactured by means of surface-mount technology (“SMT”). The final assembly and firmware upload in China did not result in another substantial transformation in China because it was not a complex or time-intensive process compared to the SMT operations in Taiwan and did not substantially transform the PCBAs. The firmware for the smartwatch was developed in third countries outside of China, including in the United States, and in some cases the firmware uploaded in China was an intermediate OS and the end user in the United States would need to download the final OS after importation into the United States. CBP’s reasoning was that the PCBAs allowed the device to process information, communicate wirelessly, utilize global positioning system (“GPS”) functionality, play music and other audio, send, and receive text and email messages, and gather information on a user’s fitness. In sum, the functionality of the smartwatch was dependent on the collective capabilities of the PCBA.

In HQ H284834, dated Feb. 21, 2018, a tablet and a smartphone were produced in South Korea and China, respectively. Both were intended for purchase by the Veterans Health Administration for use by patients at home. In the United States, the tablet and smartphone went through a number of software uninstallations and installations. The generic Android functions originally included on the devices, such as alarms, calculators and text messaging, were removed. Other functions, such as Bluetooth capability, were modified and additional software was added. Mobile application software developed entirely in the United States was installed to enable patients to provide vital sign data by connecting to the peripheral devices via Bluetooth. When the preprogrammed tablets and smartphones were imported, they could perform their standard functions of an Android tablet or smartphone, and could be used for their intended purpose, and their name, character, and use remained the same. They were not substantially transformed in the United States by the downloading of the proprietary software, which allowed them to function with the Department of Veterans Affairs healthcare network. The country of origin of the imported tablets and smartphones for purposes of U.S. Government procurement remained the country where they were originally manufactured. *See also* HQ H284617, dated

Feb. 21, 2018 (concluding that the downloading of proprietary software after importation into the United States, which allowed tablets preprogrammed with a generic program to function within the Department of Veterans Affairs healthcare network, did not substantially transform the tablets; after the software was downloaded, the country of origin of the imported tablets for purposes of U.S. Government procurement remained the country where they were manufactured because their name, character, and use remained the same).

In HQ H284523, dated Aug. 22, 2017, software was installed onto tablets in the United States to limit the original capacity of the imported tablets for the purpose of facilitating the reception, collection and transmission of a patient's medical data to Department of Veterans Affairs clinicians for their review. The general functionality of the tablet was removed and replaced so that it was easier for patients to use the device and access the system, and to better protect the security of the patient's medical data. The loading of specialized software onto the tablet and the disabling of the pre-programmed general applications were insufficient to create a new and different article of commerce, since all of the functionality of the original computer was retained. The imported tablets were not substantially transformed in the United States by the downloading of the proprietary software, which allowed them to function with the Department of Veterans Affairs healthcare network. After the software was downloaded, the country of origin of the tablets for purposes of U.S. Government procurement remained the country where they were originally manufactured.

In HQ H261623, dated Nov. 22, 2016, for purposes of U.S. Government procurement, in the first scenario, the country of origin of computer notebook hard disk drives ("HDDs") was the country where the majority of the manufacturing operations occurred and where the firmware was written and installed onto the HDDs. In the second scenario, where the firmware was written in a different country from where it was downloaded onto the HDDs, for purposes of U.S. Government procurement and country of origin marking, the country of origin of the notebook was the country where the last substantial transformation took place.

The subject tablets are distinguishable from the PROM in *Data General Corp., supra.*, and from the HDDs in H261623. The PROM has no function or use until it is programmed. The programming establishes the pattern of interconnections within the PROM, which is its "essence." After the PROM is programmed, it is no longer a PROM. Furthermore, the programming transforms the HDDs into digital storage devices that store or retrieve data. The tablet, on the other hand, remains a completed notebook after the OS is installed. The tablet has an integrated circuit that includes the central processing unit, memory, input/output logic, secondary storage, graphics processing unit, radio frequency signal processing functions, and communication controller. The chipset powering the tablet and the circuit and component layout for the motherboard manufactured in Taiwan determine the tablet's functionality. The chipset enables the central processing unit to communicate with the other components of the tablet. You advise that the operations in China are "simple" and involve attaching all the parts together into the final tablet and adding a screen. Thus, consistent with our previous rulings and decisions above, we find that the last substantial transformation takes place in Taiwan where the chipset and the circuit and component layout for the motherboard are manufactured. After the final assembly in China, the tablet will undergo a firmware upload in the United States. The imported tablet already has the system requirements, which make it possible to install the firmware. The installation of the U.S.-developed firmware in the United States does not transform the Taiwan-manufactured tablet into another product with a new name, character or use. The country of origin of the tablet remains the country where the last substantial transformation occurred, which is Taiwan.

Therefore, the SCORE®7T tablets programmed with ATG's U.S.-developed firmware in the United States would be products of a foreign country or instrumentality designated pursuant to 19 U.S.C. 2511(b)(1).

HOLDING:

Based on the facts and analysis set forth above, the country of origin of the instant SCORE®7T tablets will be Taiwan.

Notice of this final determination will be given in the *Federal Register*, as required by 19 CFR 177.29. Any party-at-interest other than the party which requested this final determination may request, pursuant to 19 CFR 177.31, that CBP reexamine the matter anew and issue a new final determination. Pursuant to 19 CFR 177.30, any party-at-interest may, within 30 days of publication of the *Federal Register* Notice referenced above, seek judicial review of this final determination before the U.S. Court of International Trade.

Sincerely,

Alice A. Kipel
Executive Director
Regulations and Rulings
Office of Trade

[FR Doc. 2022-19358 Filed: 9/7/2022 8:45 am; Publication Date: 9/8/2022]